Senior Care Retirement Community

Chief Financial Officer

A faith-based sponsored senior care retirement community was experiencing negative operating performance driven by inadequate occupancy and higher than anticipated operating costs. A seasoned CFO was brought in to turn around and restructure the operation.

Situation

- The sponsor had embarked on a venture to build and manage a senior care facility for an unrelated faith-based organization's retiring members.
- The property, located in the Southwestern US was far away from the Midwest location of the sponsor's other properties, limiting management and operational synergies.
- The project was underfunded and delayed in completion due to environmental regulations and zoning issues.
- The project was initially developed under the false assumption that it would be exempt from local real estate taxes.
- During the extended construction period, membership of the organization for which the project was being developed diminished, leaving a large gap between the projected and actual revenue streams.
- The facility was operating at less than 50% occupancy and was in need of a capital infusion and local management presence.

Turnaround & Restructuring Initiatives

- Developed financial forecasts demonstrating financial viability under various combinations of sales contract types and cash flow scenarios.
- Replaced the current marketing firm to reduce marketing costs and develop appealing contract options for selling units in a depressed market.
- Sought new ownership to better manage operations and bring in additional products and services.

Results

- Filed for Chapter 11 with the support of the senior lender to effect a sale under Section 363.
- Generated an in-court "bidding war," resulting in a successful sale.
- All residents' "investments" were protected, the senior lender maintained its position, and the community thrived while keeping its faith-based perspective.